

N. Patrick Flanagan, Esq.  
Hale, Lane, Peek, Dennison,  
Howard, Anderson & Pearl  
100 West Liberty Street, 10th Floor  
P.O. Box 3237  
Reno, Nevada 89505  
Telephone: (702) 786-7900

Eric M. Lieberman, Esq.  
Rabinowitz, Boudin, Standard,  
Krinsky & Lieberman P.C.  
740 Broadway, 5th Floor  
New York, New York 10003  
Telephone: (212) 254-1111

*Attorneys for Defendant  
Church of Scientology International*

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA**

GERALD ARMSTRONG,

Plaintiff,

Civ. No. 97/00670 - HDM (RAM)

v.

DAVID MISCAVIGE and CATHY NORMAN,  
individuals; CHURCH OF SCIENTOLOGY  
INTERNATIONAL, a California corporation; the  
RELIGIOUS TECHNOLOGY CENTER, a  
California corporation; the SEA ORGANIZATION, a  
California based incorporated entity; and the  
CHURCH OF SCIENTOLOGY OF TEXAS, a Texas  
corporation,

Defendants.

**REPLY DECLARATION OF  
MICHAEL RINDER IN SUPPORT  
OF DEFENDANT CSI'S MOTION TO  
DISMISS COMPLAINT**

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I, MICHAEL RINDER, declare as follows:

1. I am a director of defendant Church of Scientology International ("CSI"). I have personal knowledge of the facts set forth below and, if called upon to testify to such matters, I would

and could do so competently.

2. I make this Reply Declaration in further support of CSI's Motion To Dismiss the Complaint brought by Gerald Armstrong.

3. I have reviewed Mr. Armstrong's Declaration of May 6, 1998 and while I dispute most of his assertions, including (but not limited to) those concerning the purported "fair game" policy, the asserted actions taken against Mr. Armstrong purportedly on behalf of Scientology, and Mr. Armstrong's claimed expertise regarding Scientology, I will limit my testimony here to matters that relate to Mr. Armstrong's allegations that this Court has personal jurisdiction over CSI because of CSI's purported activities in Nevada.

4. As a preliminary matter, I should point out that Mr. Armstrong has not been a staff member or parishioner of any Church of Scientology since December 12, 1981, when he resigned his staff position with the Church of Scientology of California and terminated his relationship with the church. Moreover, Mr. Armstrong was never an officer, director or trustee of any Scientology church, and never held a management position in any church.

5. Accordingly, Mr. Armstrong has no personal knowledge of the management structure or activities of Scientology churches today. Indeed, CSI was not even incorporated until November 20, 1981, and did not begin to function until after Mr. Armstrong left the church. Religious Technology Center ("RTC") was not incorporated until 1982. Since that time, and as a result of the creation of CSI and RTC, as well as other reorganizations in Scientology's corporate structure, there have been vast changes in the administration of Scientology churches. For example, Mr. Armstrong alleged that CSI frequently sends "missions" to confer with local churches. This simply is not true; such "missions" are, at the most, a rare occurrence. CSI has sent only one "mission" to meet with



officials of the Church of Scientology of Nevada, and that was in 1995. Local churches maintain independent control of their day-to-day, corporate, and financial activities.

6. In my Declaration of April 19, 1998, I testified that CSI is a California corporation with its principal place of business in California, that CSI has no offices or subsidiaries in Nevada, that it is not qualified to conduct business in Nevada, and that it does not conduct business in Nevada. I further testified that CSI does not own real or personal property in Nevada, does not own bank accounts in Nevada, does not have employees in Nevada, and does not have any direct or indirect contacts with Nevada. I reiterate that testimony here.

7. CSI is a nonprofit religious organization incorporated on November 20, 1981, under the laws of California.

8. CSI is the Mother Church of the Scientology faith. It exercises ecclesiastical authority as to the practice and propagation of the Scientology religion throughout the world in a manner analogous to the Vatican's ecclesiastical authority over a local Catholic archdiocese. CSI houses the international ecclesiastical management and dissemination functions of the Scientology religion.

9. The ministry of religious services to Scientology parishioners, however, is not a function of CSI.

10. The Church of Scientology International is and always has been a separate and distinct entity from any other Church corporation in the Scientology religious hierarchy, including RTC and the many scores of local churches of Scientology that minister to individual communities. These separate local churches include the Church of Scientology of Nevada, the Church of Scientology Creative Mission of Las Vegas, and the Church of Scientology Mission of Las Vegas

(collectively, the "Nevada Churches").

11. CSI is and has been separate from the local churches of Scientology in form and function since its incorporation. CSI has its own directors, officers, facilities and functions and has over 1,000 staff members, none of whom are in Nevada. CSI also maintains its own corporate books and has its own bank accounts and manages its own finances.

12. In its capacity as Mother Church, CSI has been and is responsible to provide ecclesiastical guidance and program support for the individual churches and related entities, to ensure that they are working in harmony toward the ultimate spiritual and humanitarian goals of the Scientology religion, and to assist in the general promotion, public acceptance and expansion of the Scientology religion and Church of Scientology organizations throughout the world.

13. CSI's general activities in furtherance of its role as Mother Church include supervising the activities of the individual churches to help them expand and properly deliver religious services to their parishioners.

14. Individual churches, including the Nevada Churches, manage their own affairs and the responsibility for such matters rests with the officers and directors of each local church corporation. Individual local churches, such as the Nevada Churches, are responsible for their own conduct and affairs.

15. Each of the three Nevada Churches, like all other churches of Scientology, is separately incorporated, with its own officers, directors and employees. There is no overlap between the officers, directors and employees of the Nevada Churches and CSI. Further, CSI has no responsibility or role in the appointment of the officers and directors of the Nevada Churches.

16. The Nevada Churches also have their own separate bank accounts and manage their



own finances. CSI exercises no control over the finances or bank accounts of the Nevada Churches.

17. There are no personnel of the Office of Special Affairs or of CSI employed by the Nevada Churches.

18. In providing guidance and leadership to local churches in applying the scriptures both technically and administratively, CSI ordinarily carries out its function in California. Nevada Churches may seek or obtain ecclesiastical guidance from CSI in California, by communicating with CSI in California, or by traveling to California to CSI's offices. There was only one instance which occurred in 1995 when a CSI "mission" met with officials of the Church of Scientology of Nevada in Las Vegas.

19. CSI is licensed by RTC to utilize certain trademarks of the Scientology religion. CSI in turn provides sub-licenses to local Scientology churches to utilize such trademarks. CSI is responsible to ensure that the sub-licensees act in accordance with the licenses. CSI carries out these functions from its offices in California.

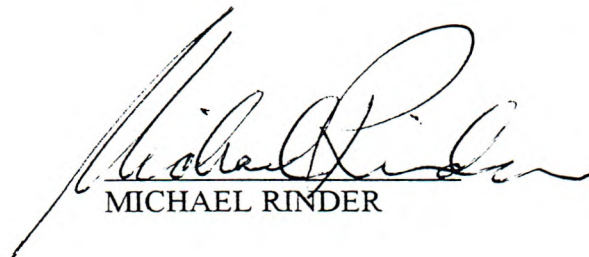
20. CSI was recognized as tax-exempt by the Internal Revenue Service in 1993, following a lengthy and exhaustive review of the activities and of the financial and other records of CSI and all Scientology churches. As a result of its examination, which IRS officials informed us was the most thorough examination of a nonprofit religious organization in the history of the Internal Revenue Service, the IRS determined that the activities of CSI were fully compatible with the provisions of the Internal Revenue Code concerning the activities of nonprofit religious corporations. The IRS implicitly but necessarily rejected allegations such as those made by Mr. Armstrong in this case about the genuineness and integrity of the Scientology corporate structure, because it could not otherwise have recognized these entities as tax-exempt religious organizations.

The local Nevada Churches also are recognized as exempt by the IRS.

21. In March 1998, in response to the unlawful disclosure to the press of certain documents relating to the IRS' recognition of our 501(c)(3) exempt status in 1993, the IRS sent CSI a letter reaffirming our status, "as a separate corporate entity," and acknowledging that the exemption was granted following an exhaustive review of CSI's activities and records. A true and correct copy of this letter from the IRS is attached hereto as Exhibit A.

22. Since my initial declaration in this action, the California Superior Court for Marin County issued a second bench warrant for the arrest of Gerald Armstrong in the action *Church of Scientology International, et al. v. Armstrong*, Case No. 152229. A true and correct copy of the bench warrant is attached hereto as Exhibit B.

I declare under penalty of perjury of the laws of the United States and of the State of California that the foregoing is true and correct. Executed this 25th day of June, 1998, at Los Angeles, California.



MICHAEL RINDER





DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

ASSISTANT COMMISSIONER  
(EMPLOYEE PLANS AND  
EXEMPT ORGANIZATIONS)

MAR 20 1993

Mr. Heber Jentzsch  
President  
Church of Scientology International  
6331 Hollywood Blvd.  
Suite 1200  
Los Angeles, CA 90028-6329

Dear Mr. Jentzsch:

We are aware that the recent publication by the Wall Street Journal of the text of the 1993 closing agreement, to which the Church of Scientology International ("CSI") is a party, has focused renewed attention on the IRS' determinations that various individual Churches of Scientology, including your church, separately qualify as tax-exempt under section 501(c)(3) of the Code. You have requested that we restate our position on the status of the exemption ruling and certain matters relating to the closing agreement.

First, we wish to reaffirm that the exemption determination letter issued to CSI on October 1, 1993, remains in good standing. By that letter, the Service recognized CSI as a separate corporate entity, as exempt from federal income tax as an exclusively charitable and religious organization within the meaning of section 501(c)(3) of the Code. The determination resulted from the application of the requirements of section 501(c)(3) to the voluminous information provided in response to comprehensive and detailed requests by the Service. In order to issue that letter, the Service determined that CSI was organized and operated exclusively for charitable and religious purposes; was not engaged in illegal activities or otherwise in violation of any fundamental public policy; and that no part of CSI's net earnings inured to the benefit of any private individual. Pursuant to section 6104 of the Code, CSI's exemption application and the supporting documents on which the Service relied in making its favorable determination are available for public inspection at the IRS National Office.

Second, we wish to confirm that the execution of the closing agreement was appropriate in this case. Section 7121 of the Code authorizes the Secretary to enter into a written closing agreement with any person relating to the liability of that person in respect of any tax for any taxable period. The Service frequently employs the mechanism of a statutory closing agreement to achieve a complete resolution of any and all outstanding matters relating to a particular taxpayer. As to the Church Tax Compliance Committee, it was formed at our request, facilitating the provision of information required under the closing agreement between the Service and the various separate Scientology-related entities that received individual exemption letters.

It is the position of the Service that the closing agreement entered into with CSI constitutes and contains return information that is confidential under section 6103 of the Code and may not be disclosed except as authorized by law. You should be aware that the Service has not authorized disclosure of the text of the closing agreement.

The foregoing states our position with respect to the above matters.

Sincerely,



Evelyn A. Petschek



ORIGINAL

1 ANDREW H. WILSON, SBN 63209  
2 SHAUNA T. RAJKOWSKI, SBN 148239  
3 WILSON CAMPILONGO LLP  
4 115 Sansome Street, Suite 400  
5 San Francisco, California 94104  
6 Telephone: (415) 391-3900

7  
8 Attorneys for Plaintiff  
9 CHURCH OF SCIENTOLOGY INTERNATIONAL  
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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF MARIN

11 CHURCH OF SCIENTOLOGY  
12 INTERNATIONAL, a California not-for-profit  
13 religious corporation,

14 Plaintiff,

15 vs.

16 GERALD ARMSTRONG; DOES 1 through 25,  
17 inclusive,

18 Defendants.

CASE NO. 152229

BENCH WARRANT  
(CIVIL)

19  
20 The People of the State of California to any peace officer of this state:

21 On October 17, 1995 this Court entered an Order of Permanent Injunction against  
22 Defendant GERALD ARMSTRONG ("ARMSTRONG"). The Order prohibits ARMSTRONG  
23 from voluntarily assisting any persons litigating claims adverse to the "Beneficiaries" and  
24 prohibiting "works" discussing any of the Beneficiaries. The Order was valid. ARMSTRONG  
25 had knowledge of the Order. ARMSTRONG has the ability to comply with the Order.

26 ARMSTRONG willfully disobeyed the Order on thirteen (13) separate occasions between  
27 September 2, 1997 and November 26, 1997, which were brought to the attention of this court on  
28 December 2, 1997 which on that date issued an Order to Show Cause re Contempt for those

1 violations. Said OSC re Contempt was heard by the Hon Gary W. Thomas on January 30, 1998  
2 and, on February 11, 1998 Judge Thomas signed the SECOND ORDER OF CONTEMPT, a true  
3 and correct copy of which is attached hereto and incorporated herein by reference as Exhibit A.

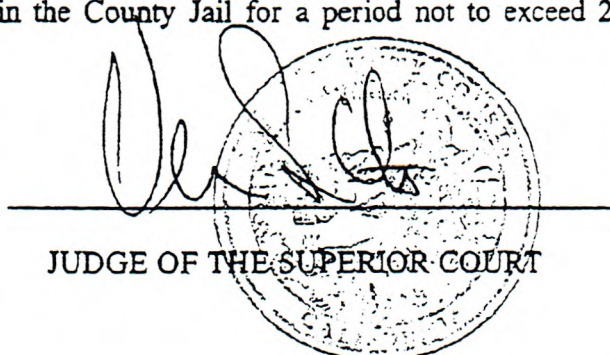
4 YOU ARE THEREFORE ORDERED forthwith to arrest GERALD ARMSTRONG  
5 whose last known address: 715 Sir Francis Drake Boulevard, San Anselmo, CA 94960-1949 and  
6 bring him before this Court to show cause why he should not be punished for contempt for  
7 disobeying the mandate of this Court.

8 Arrest under this bench warrant may be made at any time of the day or night.

9 Bail is fixed in the sum of \$ 10,000 (and pursuant to the ORDER OF CONTEMPT,  
10 including a fine of \$2600.00 and confinement in the County Jail for a period not to exceed 26  
11 days).

12 IT IS SO ORDERED

13 Date: 5/17/98

14   
15 JUDGE OF THE SUPERIOR COURT  
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20 SCI02-003.Bench Warrant  
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50100 003 Kc

**FILED**

FEB 20 1998

JOHN P. MONTGOMERY,  
Court Executive Officer  
MARIN COUNTY COURTS  
By: T. Olsen, Deputy

1 ANDREW H. WILSON, ESQ., SBN 063209  
 2 WILSON CAMPILONGO LLP  
 3 115 Sansome Street, Suite 400  
 4 San Francisco, California 94104  
 5 (415) 391-3900  
 6 (415) 954-0938 (fax)

7 KENDRICK MOXON, ESQ., SBN 128240  
 8 MOXON & BARTILSON  
 9 550 N. Brand Blvd., Suite 700  
 10 Glendale CA 91203  
 11 (818) 546-5064  
 12 (818) 546-5068 (fax)

13 Attorneys for Plaintiff/Judgment Creditor

14 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
 15 FOR THE COUNTY OF MARIN

16 CHURCH OF SCIENTOLOGY )  
 17 INTERNATIONAL, a California not-for-profit )  
 18 religious corporation, )

19 Plaintiff, )

20 vs. )

21 GERALD ARMSTRONG; MICHAEL )  
 22 WALTON; THE GERALD ARMSTRONG )  
 23 CORPORATION, a California for-profit )  
 24 corporation; DOES 1 through 100, inclusive, )

25 Defendants. )

26 CASE NO. 152229

27 CASE NO. 157680

28 (CONSOLIDATED)

SECOND ORDER OF  
CONTEMPT

29 The second post-judgment contempt proceedings against Defendant GERALD  
 30 ARMSTRONG, on the Court's Order to Show Cause issued on December 2, 1997, came  
 31 before this Court on January 30, 1998 at approximately 1:45 p.m. Defendant Armstrong  
 32 failed to appear. The Court has reviewed all papers submitted and has taken oral argument.

33 GOOD CAUSE APPEARING THEREFOR, the Court makes the following findings:

WILSON, RYA CAMPILONGO  
235 Montgomery Street, Suite 450  
San Francisco, California 94104

CI02-003  
RDER  
ONTEMPT



1           1.       On October 17, 1995, this Court entered an Order of Permanent Injunction  
2 against Armstrong (the "Order") and subsequently incorporated the Order into a judgment  
3 entered against Armstrong on May 2, 1996 (the "Judgment"). By this Court's Order,  
4 Armstrong is prohibited from voluntarily assisting any persons litigating claims adverse to the  
5 "Beneficiaries"; from "facilitating in any manner the creation, publication, broadcast, writing,  
6 filming, audio recording, video recording, electronic recording or reproduction of any kind of  
7 any book, article, film, television program, radio program, treatment, declaration, screenplay  
8 or other literary, artistic or documentary work of any kind which discusses, refers to or  
9 mentions Scientology, the Church, and/or any of the Beneficiaries"; and from discussing with  
10 anyone, not a member of Armstrong's immediate family or his attorney, Scientology, the  
11 Church, and/or any of the Beneficiaries".

12           2.       The Order was valid when rendered and remains fully valid and enforceable.  
13 The Court notes that Armstrong's appeal of the Judgment has been dismissed. The Court  
14 notes further, however, that even during the pendency of Armstrong's appeal, he was  
15 obligated to obey the lawful Order of this Court.

16           3.       Armstrong had knowledge of the Order and, further, that he had the ability to  
17 comply with the Order. The Order was specific as to the restrictions it imposed upon  
18 Armstrong. There has been no showing, nor suggestion, that he is incapable of complying  
19 with the Order. Rather there is ample evidence before this Court that Armstrong has  
20 knowingly and deliberately chosen to breach and/or disregard this Court's Order, on numerous  
21 occasions.

22           4.       Upon review of the full record before it, this Court has determined that  
23 Armstrong has willfully disobeyed the Order. The Court has determined that in thirteen (13)  
24 separate incidents between September 2, 1997 and November 26, 1997, Armstrong knowingly  
25 and willfully disobeyed the Order of this Court, as follows:

26           (a)       On or about September 2, 1997, in violation of the Order, Armstrong created  
27 and caused to be widely disseminated by means of the Internet a documentary work which  
28



1 discussed CSI and other beneficiaries of the Settlement Agreement. See Declaration of  
2 Andrew H. Wilson in support of Ex Parte Application for Order to Show Cause re Contempt,  
3 Exhibit E.

4 (b) On or about October 14, 1997, in violation of the Order, Armstrong created and  
5 caused to be widely disseminated by means of the Internet a documentary work which violated  
6 the terms of the above referenced Judgment. See Wilson declaration, Exhibit F.

7 (c) On or about October 14, 1997, in violation of the Order, Armstrong created and  
8 caused to be widely disseminated by means of the Internet a documentary work which violated  
9 the terms of the above referenced Judgment. See Wilson declaration, Exhibit G.

10 (d) Also on or about October 14, 1997, in violation of the Order, Armstrong  
11 created and caused to be widely disseminated by means of the Internet a documentary work  
12 which violated the terms of the above referenced Judgment. See Wilson declaration, Exhibit  
13 H.

14 (e) On or about October 20, 1997, in violation of the Order, Armstrong created and  
15 caused to be widely disseminated by means of the Internet a documentary work which violated  
16 the terms of the above referenced Judgment. See Wilson declaration, Exhibit I.

17 (f) Also on or about October 20, 1997, in violation of the Order, Armstrong  
18 created and caused to be widely disseminated by means of the Internet a documentary work  
19 which violated the terms of the above referenced Judgment. See Wilson declaration, Exhibit  
20 J.

21 (g) On or about October 23, 1997, Armstrong caused to be widely disseminated by  
22 means of the Internet a letter written to the Hon. Alfonse D'Amato concerning the efforts of  
23 CSI to combat religious discrimination in Germany. This action constituted the publication  
24 and/or broadcast of a documentary work which violated the terms of the above referenced  
25 Judgment. See Wilson declaration, Exhibit K.

26 (h) In or about early October, 1997, in violation of the Order, Armstrong  
27 voluntarily and willingly participated in a videotaped interview during which he violated the  
28



1 terms of the above referenced Judgment. Armstrong was informed prior to the interview that  
2 it was being recorded for broadcast on British television. See Wilson declaration, Exhibit C.

3 (i) In or about October, 1997, Armstrong gave a speech on or about October 26,  
4 1997. In that speech, Armstrong violated the Injunction and the above referenced judgment

5 (j) During that same visit, Armstrong gave an interview to the *Berliner Zeitung*,  
6 resulting in an article in that publication, an examination of which article clearly shows that  
7 the interview given violated the Injunction. See Wilson declaration, Exhibits M and N.

8 (k) On October 28, 1997, Armstrong traveled to Hamburg, Germany where he  
9 appeared at a public event. During which, Armstrong committed further violations of the  
10 terms of the Judgment, as reprinted in the October 28th edition of the *Frankfurter Rundschau*.  
11 See Wilson declaration, Exhibits P.

12 (l) Also on this trip to Germany, Armstrong gave interviews to at least three  
13 television interviewers resulting in broadcasts on Germany TV channels N-TV, B1 TV and  
14 SAT 1 TV. In addition to this, Armstrong was interviewed by the regional newspaper *Taz*.  
15 resulting in the article of October 28, 1997. See Wilson declaration, Exhibits Q and R.

16 (m) On that date November 26, 1997, Armstrong created another Internet posting  
17 which purported to be a verbatim transcription of a complaint which Armstrong had recently  
18 filed in the United States District court for the District of Nevada. See Wilson declaration,  
19 Exhibit S. This complaint is a "documentary work" concerning a "beneficiary" as  
20 contemplated by the Order while the filing of this complaint is privileged, its publication on  
21 the Internet is not and is a violation of the terms of the Judgment.

22 IT IS HEREBY ADJUDGED, ORDERED AND DECREED that Defendant Armstrong  
23 is guilty of 13 separate acts of Contempt of Court for his repeated failures to obey the Order  
24 and Judgment. As set forth above, the Order at all times was and remains valid and  
25 enforceable; Armstrong had knowledge of the Order, and the ability to comply with this  
26 Order. He willfully and repeatedly disobeyed the Court's Order.

27 IT IS FURTHER ADJUDGED, ORDERED AND DECREED that Defendant Gerald  
28



1 Armstrong is to be punished for the foregoing contempt by a fine of \$200 for each separate  
2 violation (for a total of \$2,600) and confinement in the County Jail for a period of two days  
3 (48 hours) for each separate violation (for a total of 26 days). Armstrong is to surrender  
4 himself to Marin County law enforcement officers for the enforcement of said penalties on or  
5 before February 10, 1998. Should Armstrong fail to do so, a bench warrant will be issued for  
6 his immediate arrest and incarceration until the fines imposed for his acts of contempt are  
7 satisfied. Should such a bench warrant be necessary, bail on the warrant is set at \$10,000 (ten  
8 thousand dollars).

9 DATED: 2-11-98, 1998.

10 GARY W. THOMAS  
11 JUDGE OF THE SUPERIOR COURT  
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1 PROOF OF SERVICE BY MAIL

2 I, Sylvia Baldemor, declare:

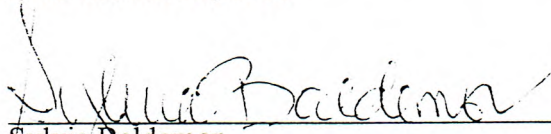
3 I am employed in the City of Reno, County of Washoe, State of Nevada by the law offices of Hale,  
4 Lane, Peek, Dennison, Howard, Anderson and Pearl. My business address is 100 W. Liberty Street, Tenth  
Floor, Reno, Nevada 89501. I am over the age of 18 years and not a party to this action.

5 I am readily familiar with Hale, Lane, Peek, Dennison, Howard, Anderson and Pearl's practice for  
6 collection and processing of its outgoing mail with the United States Postal Service. Such practice in the  
ordinary course of business provides for the deposit of all outgoing mail with the United States Postal  
7 Service on the same day it is collected and processed for mailing.

8 On June 26, 1998, I served the foregoing **REPLY DECLARATION OF MICHAEL RINDER**  
9 **IN SUPPORT OF DEFENDANT CSI'S MOTION TO DISMISS COMPLAINT** by placing a true copy  
thereof in Hale, Lane, Peek, Dennison, Howard, Anderson and Pearl's outgoing mail in a sealed envelope,  
addressed as follows:

10 George W. Abbott, Esquire  
11 2245-B Meridian Boulevard  
12 P.O. Box 98  
Minden, NV 89423

13 I declare under penalty of perjury under the laws of the United States of America that the foregoing  
is true and correct, and that this declaration was executed on June 26, 1998.

14   
15 Sylvia Baldemor  
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